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## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Proceeding	92025859	
Party	Plaintiff Empresa Cubana Del Tabaco d.b.a Cubatabaco	
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## IN THE UNITED STATES PATENT AND TRADEMARK OFFICE BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

Date registered: February 17, 1981		
AND		
In the matter of the Trademark Registration No. 189 For the mark COHIBA Date registered: June 6, 1995		
EMPRESA CUBANA DEL TABACO, d.b.a. CUBATABACO,	: :	
Petitioner, v.	: :	Cancellation No. 92025859
GENERAL CIGAR CO., INC. and CULBRO CORP.	:	
Respondents.	: :	
	X	

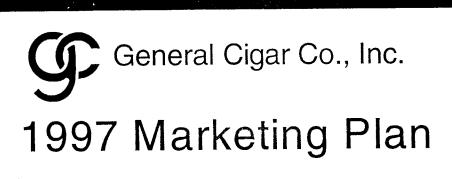
PARTY OFFERING: PETITIONER

In the matter of Trademark Registration No. 1147309

For the mark COHIBA

DESIGNATION in 97 Civ. 8399 (RWS), United States District Court, Southern District of New York, *Empresa Cubana de Tabaco d.b.a. Cubatabaco v. Culbro Corp. and General Cigar Co., Inc.*):

Defendants' Trial Exhibit DX0022





DEFENDANT'S EXHIBIT

D 2 2



## General Cigar Co., Inc. Premium Brands 1997 Marketing Plan

## **Contents:**

- I. 1996 Review
- II. 1997 Objectives and Strategies
- III. Strategic Issues and Key Opportunities
- IV. Plan Overview and Execution
- V. Timetable
- VI. Marketing Budget
- VII. 1997 Suggested Pricing





## I. 1996 Review:

## 1. Sales/volume Summary:

Totals	35,643 +18%		59,073 +23%	
Unit Growth	1%	Sales Growth	28.2%	
1996 Units	5,133	1996 Sales	\$7,731	
1995 Units	5,086	1995 Sales	\$6,030	
Other Premium Ciga	rs			
Unit Growth	20.7%	Sales Growth	38.6%	
1996 Units	7,800	1996 Sales	\$17,340	
1995 Units	6,181	1995 Sales	\$12,510	
Partagas (including				
Unit Growth	19.6%*	Sales Growth	15%	
1996 Units	22,710	1996 Sales	\$34,002	
1995 Units	18,989	1995 Sales	\$29,580	
Macanudo (includes	Vintage Cabinet Res	serve and Miniatures)		

<sup>\*1996</sup> Macanudo unit growth is 2.5% without miniatures.

## 1996 premium volume did not keep up with demand.

- 1996 category growth, fueled by off-brands and demand for shelf stock is estimated at 55%.

## Key problem areas were capacity, skilled labor, and readiness for changeover.

- Each of these problems have been addressed in order to significantly improve demand ratios and back order situation, freeing marketing plans to be more volume and share driven.



<sup>\*\*</sup> Partagas large cigars up 39\* vs YA, consistent with market.

## **Key Learnings:**

Although 18% volume increase was on plan, explosive demand has negated any potential improvements in market position.

- Research indicates brand awareness and preference has not improved vs. 1995.\*
- Shelf presence negatively effected by pre-sold stock to consumers.
- Importance of retail presence is confirmed by growth and proliferation of new brands.

# Shortages and back orders force GCC toward highly disciplined account rationalization and allocation of limited stock.

- We can maintain brand reputations for quality through account selection.
- Lack of availability reduces shelf presence to negatively offset effectiveness of advertising.

# Key customers remain brand and supplier loyal through this period, and will stock and sell our brands when available.

- Looking for reliable suppliers.
- Looking for reliable quality.
- Looking for long term partnerships.

#### GCC should consider how to move to 50% retailer margins with our brands during 1997-98.

- Current category pricing elasticity/dynamics are creating relatively large consumer price increases.
  - Retailer upcharges are inflating retial prices.
- 50% margins are required in non-traditional outlets such as men's specialty and gift shops.
- 50% margins will provide a stronger basis for promotional support and retail focus after current category euphoria has passed.
- Cifuentes, Cohiba, Robust can be launched at keystone to shift the mix.



<sup>\*1995</sup> vs. 1996 surveys from different survey sample bases. Further study and analysis required.

## 2. Key Accomplishments:

## a) Double X Vintage

- Created new benchmark for upper end pricing for the brand with \$25 cigar.
- Elevated quality image of the brand.

#### **Key Learning:**

- Demand for larger more expensive cigars is far beyond ability of market to supply.
- Macanudo brand can be taken significantly beyond current quality perception.
- Special occasion or gift packaging overcomes current price-value relationship in the category.

## b) Multi-Year Vintage Cabinet

- Created new added-value system to increase quality perception.
- Set comparative value system as platform for future pricing strategies.

#### **Key Learning:**

- Relative value of aged cigars can be translated into higher price via rareness.
- In this market, cigar smokers are looking for special image as well as taste.
- Collectible product segment is an area for greater exploitation and innovation.



## c) Sold 1MM Vintage Cabinet Reserve Cigars

- Accomplished excluding multi-year vintage.
- Elevated overall product mix of Macanudo brand
- Achieved incremental dollars and profit per cigar within overall brand mix.

## **Key Learning:**

- Macanudo brand mix can be further upgraded in price increments.
- Demand for higher priced premium cigars is as great as regular priced items.
- Improved interdepartmental planning will alleviate problems caused by dramatic shifts in packaging requirements.

## d) Launched Partagas Limited Reserve Robusto and Epicure

- Utilized smaller sized top quality Cameroon wrapper in new shapes.
- Added to critical availability and expanded presence of brand.
  - New sizes 41% of total Limited Reserve sales to date.

#### **Key Learning:**

- Limited Reserve name has tremendous equity in the marketplace; enhances the value of the entire Partagas line.
- Scarcity and rarity build mystique and legend.
- Need to determine maximum volume to be produced and still maintain rarity; can be significantly higher than current volume.



#### e) Macanudo Hyde Park Maduro

- Extension of popular Hyde Park Frontmark.
- Added consumer choice in popular larger ring gauge.

#### **Key Learning:**

- Individual frontmarks can be extended (Crystal, Vintage Crystals, Maduro)
- Maduro taste may be growing in popularity as part of consumer experimentation.
- "Bethuning" method can further improve quality and provide marketing position.

#### f) Neiman Marcus Test

- Launched exclusive cigar counters at 5 Neiman Marcus Stores.
- Completed retailer training and promotional activity for InCircle.

## Key learning:

- Potential large opportunity in men's specialty retail.
- Retailer strategic alliances for future brand extensions.
- Need positioning strategy for handling current retailer (TPP) universe.
- If test is successful, opportunity for 100-150 retail doors by year end 1998.
- Cigars need to be at center of retailer merchandising of non-tobacco branded items.

#### g) Orvis Partnership

- Established cigar case in Manchester VT retail store.
- Potential for strategic alliance in lifestyle and promotional activity.

#### **Key Learnings:**

- Confirms extendibility of cigar brand names.
- Men's lifestyle activities cover a broad array of cigar-specific occasions.
- Both Neiman Marcus and Orvis fit with Macanudo.



#### g) TPP expansion

- Added 100 new accounts.
- Used Cigar of the Month promotions to launch new frontmarks.
- Created first ever TPP cigar seminar/convention at Bloomfield.
  - Field/Barn tours.
  - Sales/customer bonding through social activity.
- Expanded Cigar World Internet to include TPP customer home pages within site.

#### **Key Learning:**

- TPP program has become a desirable status to achieve among retailers.
- General Cigar is clearly viewed as the professional and product leader of the industry, but this attitude could turn if shortfalls are not corrected in the next year.
- Potential promotional effectiveness will be maximized when back order situation is alleviated.
- TPP customers willingly and at their own expense will participate in advisory, seminar or introductory activities with General Cigar.
- The program must be constantly renewed to maintain excitement.

#### g) Launched Cigar World Newsletter:

- Extended impact of Cigar World Internet site with marketing broadsheet.
- Distributed through TPP accounts.
- Laid groundwork for expanding and utilizing database in more sophisticated ways.

#### **Key Learnings:**

- Direct communication with consumers can offset retailer attitudes
- Newsletter partnership with retailers can improve brand merchandising focus.



### h) RTDA Leadership:

- Achieved new dimension in company presentation.
- Enhanced brand and company impression of expansion and growth
- Improved customer impression of trying to deliver to demand.

## **Key Learning:**

- Retailers want to buy from people they know.
- Volume of new items (clothing, etc.) Indicate the bar is constantly being raised as competitors try to keep up or exceed our performance.
- Retailers are willing to grow their product offering as long as it relates to the core category.



## II 1997 Objectives and Strategies

#### 1. Macanudo Brand Leadership

- Reinforce Macanudo brand reputation as true cigar taste.
- Rebuild leadership and presence at key price points.
  - Account rationalization to elevate quality perception and image of brand name.
  - Robust launch by year end 1997 to broaden acceptability of brand.
  - Vintage Cabinet expansion to move price/value perception upward.
  - Small Cigars in upscale retail to upgrade comparative quality.
- International Growth to feed back into U. S. Brand franchise.
- 35 million cigars.
- Regain smokeshop presence and extend retail presence outward.

#### 2. Partagas Brand Leadership

- Build Partagas' superior quality and taste reputation.
- Continue Cigar That Knew Cuba When to reinforce heritage/image.
- 10 million cigars.
- Achieve share growth at key price points
  - Limited Reserve
  - Partagas
  - Cifuentes
  - Puritos
- Broaden presence in large and small segments with new brand extensions.



## 3. Establish vision and strategies for niche brands.

- Create viable strategic position for each brand.
- Broaden GCC leadership in industry, by upgrading visibility through advertising and merchandising.

# 4. Significantly improve the meaning and function of TPP as an industry standard for retailer support.

- Utilize program to enhance new product launches.
- Big Idea at center of 1997 program, with continuity for retailer.
- Respond to back order/other market conditions as year progresses.
- More professional execution and delivery.
- Expand emphasis on co-op advertising as part of Fuente defense.



## III. Strategic Issues and Key Opportunities

# 1. Improved volume capability will create better effectiveness of marketing presence into second half of year.

- Advertising awareness appears to be offset by merchandising and product on shelf.
- Recapturing brand presence demands retail visibility and availability.
- Presence of accessories and apparel will help but not substitute for cigar product.
- Focus TPP on core brands during second quarter and key periods of the year.
- Maintain maximum visibility during continuing limited product availability.

#### 2. Unit share above \$3.00 needs to be sustained and built over the full year.

- Multi-brand presence can help negate Macanudo shortage.
- New product introductions to provide volume to retailers demanding Macanudo and Partagas.
- Macanudo and Partagas allocated only to "best" accounts, with demand higher than supply.
- Continued projected industry growth at +30%. during 1997.

## 3. Selective retailer allocation must continuously elevate brand images.

- Account rationalization driven by volume allocation to upscale selling environments.
- Upscale perception in branded non-tobacco lifestyle/luxury products.
- Share vs. Positioning strategies to maximize future growth (1998-2000).
- Impact on future extensions in terms of ability to deliver volume to the marketplace.



## 4. Image of our core competency must support future accessory/lifestyle endeavors.

- Brand platform for men's lifestyle must be derived from Macanudo image and positioning.

# 5. Handmade presence in mass retail (FDM) will be required to maintain competitive edge in domestic channels.

- Category dynamics; handmades and dedicated "premium" sections are in strong demand.
- Retailer perceptions are that they are missing huge business opportunities.
- Looking for brands vs. private labels/bundles.

# 6. Positioning and marketing programs for Villazon brand names should integrate into company plans:

- Rationalize price/value position for each brand, with vision and marketing position to fit into total product mix.
- Position in TPP/Cigar of the Month.
- Fill spectrum of price points to compete below \$3.50.
- Hoyo de Monterrey as pit bull to Fuente?
- Utilize portion of available bundle capacity for branded handmades in mass channels, to generate stronger value and improved price points.





## IV. Plan Overview and Execution

Product	Packaging	Promotion	Merchandising	Advertising
Robust	Robust	Cigar of the Month (Start April 97)	Cigar of the Month	Macanudo TV
Cifuentes	Cifuentes	Neiman Marcus Roll-out	Neiman Marcus	Macanudo Print
Cohiba	Cohiba	Orvis Partnership	Orvis Partnership	Partagas Print
Partagas Miniature	Partagas Miniature	Cigar World Newsletter	Macanudo Brochure	Cifuentes Launch
Bolivar	Bolivar	Connecticut Shade Association	Partagas Brochure	Partagas Ltd Res
The Chairman's Cigars	Macanudo Vintage 5 Pack	Neiman Marcus Catalog	New Shape Charts	Temple Hall Print
Ramon Allones	Canaria D'Oro update	Neiman Marcus \$50,000 cigar		Ramon Allones Print
Partagas Maduro	Partagas Maduro			Cohiba Launch
				Robust Launch
Cigar Accessories				Neiman Marcus Co-op
Clothing				Direct/Catalogs

## 1. General Programs:

## 1a) Cigar of the Month/TPP

## Objectives:

- Reinforce leadership and visibility with top accounts.
- Expand impact and number of accounts.

#### **Execution:**

- Finish 1996 program: December-Partagas Ltd Res., January-Canaria D'Oro, February-Partagas.
- Key issues are: Greater manageability and retailer focus on continuous brand display.

Month	Brand	Activity
April	Cifuentes	Launch: All 6 sizes. Lighters, cutters, photo-poster of hands rolling.
May	Macanudo	Hampton Court, Portofino, Crystals
June	Partagas/Macanudo	Father's Day Collection Box, Macanudo Accessories.
July	Temple Hall	All Sizes: Temple Hall Ball Cap
August	Macanudo	Duke Of Windsor . Macanudo porcelain coaster gift sets.
September	Cohiba	Launch: All sizes. Cohiba Humidors/Polo Shirts
October	Canaria D'Oro	New Packaging graphics. Also Special 5 pack.
November	Partagas Maduro	Launch: All Sizes.
December	Macanudo Robust	Launch:
January 98	Ramon Allones	All Sizes, prepack. Save \$1.00 per cigar.
February 98	Macanudo	Also possibly Hoyo de Monterrey or Punch
March 98	Partagas	Limited Reserve

## 1b) Cigar Accessories Introduction



(See Lifestyle and Accessories section)

# 1c) Neiman Marcus Retail Strategic Alliance Objectives:

- Enhance and elevate Macanudo and Partagas brand image.
- Create Macanudo association with upscale lifestyle for future accessory products.

#### **Execution:**

- Develop catalog proposal for presence in 1997: Humidors, cutters, selected cigars.
- \$50,000 cigar promotion for catalog.
- Expand current store presence with accessories/clothing after TPP accounts.
- Response and consulting on lifestyle/licensing.
- InCircle and fortnight promotions/trunk shows.
- Off-premise joint events.

## 1d) Orvis Strategic Alliance

## **Objectives:**

- Enhance Macanudo and Partagas brand images.
- Project active aspects of upscale lifestyle.

- Develop catalog presence.
- Develop store presence with cigar counter and clothing.
- Develop joint promotional ventures and expeditions.



## 1e) New shape charts all brands

#### **Objectives:**

- Provide up to date selection of all cigars.
- Reinforce strategic positioning of each brand.

#### **Execution:**

- Update for all frontmarks
- New creative consistent with strategic positioning of each brand
- Pamphlets as well as laminated counter cards.
- All brands including Temple Hall, Ramon Allones, etc.
- Leaf Poster.

#### 1f) Cigar World Newsletter

## **Objectives:**

- Added visibility for brands.
- Capture focus of retailer business.
- Form direct relationships with cigar smokers.

- Deliver January, May, September issue to retailers.
- Coincides with new year, Father's Day, RTDA.
- Direct mail to consumers.
- Tie in to retailers who are on Internet with us to gain access to their lists.



# 1g) Cigar bar sampling incentive Objectives:

- Generate trial and experience
- Broaden exposure and awareness for GCC brands.
- Preempt Fuente wherever possible

- On premise opportunity analogous to beer/hard goods.
- Customize brand mix by establishment.
- Cifuentes (issue is TPP only) and/or Cohiba (1998) in selected venues.
- Humidor and cigar menu.
- Tailored programs to encourage use and presentation of GCC brands.



#### 2. Macanudo:

## 2a) Advertising

## **Objective:**

- Advertising will expand the image and awareness of Macanudo and the pleasures of cigar enjoyment.
- Advertising will convince premium cigar smokers that Macanudo cigars deliver true cigar taste, which creates the basis for the most relaxing and satisfying cigar enjoyment.

#### **Execution:**

- Develop, produce, and test Macanudo TV
- First quarter portion of 1997 print media plan
  - Continue Cigar Aficionado True Cigar Taste
  - New "Judges" creative

#### 2b) Macanudo Robust

#### **Objective:**

- Retain and reinforce Macanudo brand leadership.
- Capture smokers who have graduated to richer flavor and stronger tastes.

- Product testing for November-December launch.
- Continue to follow consumer image profile from research.
- Merchandising: Cigar of the Month for Launch
- Advertising: Revisit positioning and executions for potential updating.
- Publicity: Press events launch with Club Macanudo



#### 2c) Vintage 5 Packs

## Objective:

- Create trial size package, also for travel.
- Upgrade Macanudo smokers to Vintage Cabinet.
- Provide an affordable and attractive gift package of highest quality cigars.

#### Execution:

- Finalize packaging for approval.
- Sales sheet.
- Counter display unit.

## 2d) Large ring tubed cigar

#### **Objectives:**

- Provide a portable Macanudo in 7 x 50 or 6 ½ x 49
- Upright selling option for golf courses.

- New frontmark
- Source larger aluminum tube, similar to Don Diego Monarch
- Upright package for TPP, Golf Course, and Orvis/Neiman Marcus visibility.



## 2e) Connecticut Shade Association

#### **Objectives:**

- Create platform of awareness and superiority for Connecticut Shade Wrapper.
- Elevate Connecticut Shade awareness and reputation to add value.
- Position superiority of taste and quality against Fuente grower position.

#### **Execution:**

- Plan outline and presentation to growers.
- Participation by eligible cigar makers/marketers as well as growers.
- Development of Connecticut Shade logo/signature for inclusion in participant advertising.
- "look for" POS and public relations campaign directed at consumers.
- Kick-off July 1997 with barn dinner for press.

#### 2f) Macanudo Presents

#### **Objective:**

- Elevate profile and image of Macanudo in New York.

- Schedule of events begin with James Galway.
- Select charity tie-in activity.
- Bookings, lists, and creative for PR and invitations.
- Acquire non-product co-sponsor; Forbes, Business Week, etc.



#### 3. Partagas

## 3a) Advertising

## **Objectives:**

- Reinforce Partagas reputation as the best alternative to Cuban cigars.
- Enhance image and mystique of Ramon Cifuentes as only true bridge to qualities and traditions of the past.
- Position Partagas Limited Reserve as the best cigar in the world.

#### **Execution:**

- New Ramon Print
- Limited Reserve Print

#### 3b) New Partagas Miniatures:

## **Objectives:**

- Expand presence of premium brands in growing small cigar segment.
- Expand Partagas base of awareness through non-tobacconist outlets; hotels, gift shops, newsstands.

- Macanudo Miniatures model.
- Strong Partagas identity.
- Counter display
- Print Advertising
- Launch at RTDA 2MM cigars in 1997.
- Sampling at Big Smokes and other selected events.



## 3c) Partagas Maduro Expansion:

## **Objectives:**

- Expand impact and Presence of Partagas brand.
- Capture leadership in growing Maduro segment.
- Maintain shelf presence with large cigars where Cameroon wrapper is not available.

- Position as best natural Maduro
- Leverage Partagas brand reputation
- 4 large frontmarks for presence:
  - #10
  - Naturale
  - #1
  - Robust
- Special Packaging
- Explore rename frontmarks to reduce shelf substitution.
- Sell sheet
- Special shape chart
- Print Advertising
- TPP Cigar of the Month



#### 4. Other Brands:

#### a) Cifuentes:

#### Objective:

- Establish stronger presence in \$5.00+ price point.
- Capture younger and newer cigar smokers in their experimental stage.
- Provide TPP accounts with "exclusive" cigar.

#### **Execution:**

- Six Shapes/frontmarks
  - 7 1/4 x 49, 5 ½ x 49, 7 x 47, Figurado, Maduro Rothschild 4 ½ x 49, Fancy tail 6 ½ x 42.
- Cifuentes by Partagas.
- Connecticut Shade wrapper, similar to Temple Hall blend and taste.
- POS, advertising, shape charts, retailer brochure.
- Launch event coincident with accessories to TPP accounts in April.
- Supply samples and incentive to cigar bars and restaurants.

## 4b) Cohiba:

#### **Objective:**

- Leverage mystique of Cuban name with comprehensive product line-up.
- Establish exclusivity and presence with TPP accounts.
- Presence in \$7.00+ price range of cigars for optimum volume and quality price point.

- Introduce at RTDA: Shapes/frontmarks to be determined.
- Cohiba Accessories and Clothing: Humidors, cutters, and logo apparel package for fall line.
- Advertising, merchandising package, publicity launch, Club Macanudo.



#### 4c) Canaria D'Oro:

## Objective:

- Upgrade quality perception of Canaria D'Oro

#### **Execution:**

- Revise package graphics per research learnings: more upscale heritage in look.
- Revise and rename frontmarks/shapes per same.
- Explore moving to Honduran Wrapper (blend?)

## 4d) The Chairman's Cigar

#### **Objectives:**

- Reinforce the leadership of Macanudo as the finest, truest cigar taste.
- Provide the basis for Macanudo publicity and good will.

- Create a cigar which is not for sale, and only given by the chairman as a special gift to those who have earned it.
- Accompanying program of news release and delivery.
- List submitted to chairman for approval, plus ongoing monitoring for accomplishment.







## V. Timetable

## **Timetable**

Task/Project	Dec	Jan	Feb	Mar	Apr	Мау	Jun	Jul	Aug	Sep	Oct	Nov
Print Advertising	Х			Х	Х	Х	Х		х	Х	Х	Х
TV Advertising					Х	Х	Х					
Cigar of the Month	х	Х	Х	Х	Х	Х	Х	Х	х	Х	х	Х
Cifuentes Launch				Х	х							
Cohiba Launch									х	Х		
Robust Launch												X
Partagas Miniatures								Х	x	Х		
Partagas Maduro											Х	Х
New Part. Lim. Res. Adv.				Х					х			
Macanudo Vintage 5-Pack									X			
Neiman Marcus Catalog			Х								Х	Х
Orvis Promotion						х	Х			Х	Х	
New Shape Charts		Х	Х	х								
Product Literature		Х	Х	Х								
Canaria D'Oro new pkg									х	Х		
Cigar World Newsletter		Х				Х			x			
TPP Event					Х							





Date registered: February 17, 1981		
AND		
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EMPRESA CUBANA DEL TABACO, d.b.a. CUBATABACO,	: :	
Petitioner, v.	: : :	Cancellation No. 92025859
GENERAL CIGAR CO., INC. and CULBRO CORP.	:	
Respondents.	:	
	X	

PARTY OFFERING: PETITIONER

In the matter of Trademark Registration No. 1147309

For the mark COHIBA

DESIGNATION in 97 Civ. 8399 (RWS), United States District Court, Southern District of New York, *Empresa Cubana de Tabaco d.b.a. Cubatabaco v. Culbro Corp. and General Cigar Co., Inc.*):

## **COHIBA**



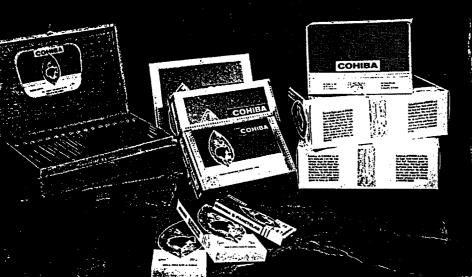
## **COHIBA: THE MOST DISTINGUISHED** even among the Havana Cigars



COVER PHOTO: **DESIGN CARLOS ESPINOSA** 



BACK COVER PHOTO: DESIGN ROBERTO CARDONA



AFTER ANALYZING THEIR EXTRAORDINARY QUALITIES, THE REPUBLIC OF CUBA AWARDED THE





THREE TYPES OF "COHIBA" WITH THE MARK
OF "SUPERIOR QUALITY"



No. 11, 1984

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IN THIS ISSUE	PAGE
	4
A JOB TO WIND NEW FRIENDS	8
COLLAC DEEN VERY GUOU:	10
A FAMOUS TOBACCO GROWER IN SAIL 2010	16
FROM THE 500 "HAVANA CIGAR: A PRODUCT WITHOUT EQUAL	
	19
IN THE WORLD" AN UNSUSPECTED PALETTE OF CUBANISM	28
AND COLOR	20
THE HAVAINA CIONING TO	32
THE SMOKERS IN SWITZEINER	34
OUB CRAFTS	36
AN OUNCE OF PREVENTION	38
OUR CRAFTS	40
HAVANA'S PRADO PROMENADE RECERTIFICATION OF "COHIBA" SUPERIOR	
QUALITY MARK PROPOSED	44
ALE DOCCEDOED PIPES	47
HOLDA IS THE CRADLE OF TOBACCO	53
AND 'VITOLPHILIA''	68
SUMMARIES	•
30	11.1

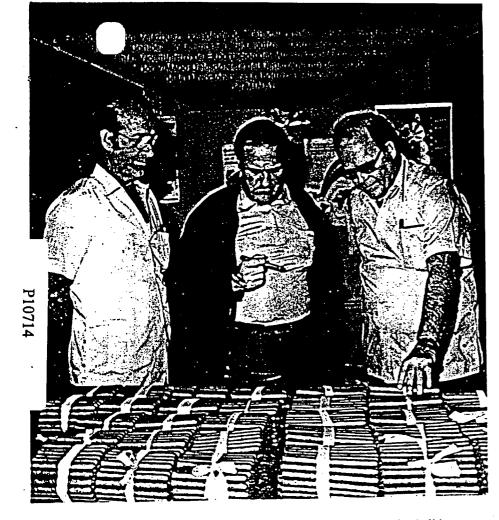
## "EL HABANO: UN PRODUCTO INIGUALABLE EN EL MUNDO"

Texto: ADA ORAMAS Fotos: FREDDY -Señor Cándido Velázquez, presidente de "Tabacalera S.A."



El señor Francisco Toraño, jefe del Departamento de Acopio y Beneficio de la Dirección para la Industria Tabacalera del Ministerio de la Industria Alimenticia, explica el proceso de añejamiento del tabaco a los miembros de la delegación encabezada por el señor Cándido Velázquez.

19



Un hombre de sonrisa amplia, de carácter afable, de conversación muy grata y de palabra mesurada, que vive enamorado del tabaco. Así podemos definir, a grandes rasgos, al señor Cándido Velázquez, presidente de "Tabacalera S.A.", el mayor importador de puros Habanos en el mundo.

El señor Velázquez es muy aficionado a la historia y se sintió vivamente interesado por conocer La Habana Vieja, patrimonio de la humanidad.

Se sintió impresionado al conocer monumentos, palacios y callejas, manifestó que poseen un gran valor arquitectónico y añadió que se siente 20 muy cerca de ellos pues es descendiente de

cubanos, ya que su abuela nació en La Habana. Esta afición por la historia del presidente de "Tabacalera S.A." tiene profundas raíces, pues uno de sus ancestros por línea paterna fue el Adelantado Don Diego Velázquez, quien fundara las primeras villas de la época colonial en Cuba entre 1511 y 1515.

#### **EN EL REINO DEL HABANO**

En su visita a la empresa de tabaco torcido "El Laguito" estaba pendiente de cada una de las fases de esa aventura fabulosa que emprenden las hojas de mano en mano, hasta llegar a la mesa de las tabaqueras que las convierten en obras maestras del torcido.



La clasificación de colores merece la atención de los visitantes.

Como los vinos en las soleras, el tabaco en rama se añeja en barriles de madera.



## "HAVANA C : A PRODUCT WITHOUT EQ. ... IN THE WORLD"

\*-Mr. Cándido Velázquez President of "Tabacalera, S.A."

A man with a friendly smile, an amiable disposition, a pleasant conversation and calm words, who lives fully in love with tobacco. This is how we can define in broad terms the personality of Mr. Cándido Velázquez, President of "Tabacalera, S.A.", which is the largest Havana cigar importer in the whole world.

Mr. Velázquez is very fond of history and felt a keen interest in learning about the Old Havana section that is considered as a patrimony of humanity. He felt quite impressed at visiting monuments, palaces and narrow streets and declared that these possess a great architectonic value, and added that he feels very close to them since he is of Cuban descent because his grandmother was born in Havana. This fondness for history felt by the President of "Tabacalera, S.A." is deeply rooted and can be traced back to one of his ancestors, the Adelantado Don Diego Velázquez, who founded the first villages during the colonial period in Cuba between 1511 and 1515.

## IN THE KINGDOM OF HAVANA CIGARS

In his visit to the cigar factory "El Laguito" he was absolutely absorbed by each of the stages of the fabulous adventure undergone by the tobacco leaves when they are passed from hand to hand until they arrive at the working tables of the women hand-rollers that turn them into masterpieces of the cigar handrolling art.

While he toured about the different departments Mr. Velázquez observed carefully every gesture made by the workers in the diverse trades that make up the industrial process. He talked to them, asked them and then walked along through this factory that is aroma and flavor all around and which the Vice-Minister of Agriculture, Daniel Solana Piñera, denominated as the kingdom of the Havana cigar when he made a brief outline of "El Laguito" historical background.

And in the department of classification by hues, before any questions could be posed to him, Mr. Velázquez let his words flow easily to draw up a sort of mural of an impressionist language because in those fluent words there came out hues as in a palette of infinite browns.

"It isn't only a matter of color but also of the gradations in the glossy finish that makes classification to become a true art. One appraises the cigar boxes and sees like in a brush-stroke how those



Mientras recorría los departamentos, el señor Velázquez observaba cada gesto de los trabajadores en la diversidad de oficios que integran el proceso industrial. Hablaba con ellos, les preguntaba y viajaba junto a esa rama, todo aroma y sabor, por esa fábrica que el Viceministro de la Agricultura, Daniel Solana Piñera, calificara como el reino del Habano, al explicar en breve síntesis la historia de "El Laguito".

Y, antes de formularle ninguna pregunta, en el departamento de selección de colores, el señor Velázquez dejó que las palabras fueran trazando algo así como un mural de lenguaje impresionista, porque en ellas afloraban tonalidades de una paleta de infinitos carmelitas:

—No es sólo los colores, sino las gradaciones de brillantez, lo que hacen un arte de la clasificación. Uno ve las cajas y aprecia, como una pincelada, esos puros que se unen en camadas. Hay que tener una sensibilidad especial y una vista muy aguda para distinguir entre tantos tonos, los que sean exactamente iguales, sin la más ligera variación. Y esto es muy importante, porque no hay nada más bello que ver esa uniformidad de color en las capas de una caja de puros.

Al llegar al departamento de control de calidad, hizo otro aparte para manifestar su opinión acerca del proceso:

-El que fuma un tabaco, no sabe lo que hay detrás. Lo aprecia por el producto, pero si supiera el trabajo que requiere, lo valoraría mucho más. Es un proceso parecido al del ron, en líneas generales, pero mucho más complejo. Para lograr un ron de siete años hace falta un proceso de añejamiento muy cuidadoso.



"Es un producto que, al ser artesanal, no lleva ningún añadido, ni artificio. Las hojas se añejan, pero son naturales. Y en el torcido no importa sólo el envejecimiento, sino también el arte del tabaquero. Porque los puros Habanos son pura artesanía.

UN DIALOGO QUE APORTA NOTICIAS, PROYECTOS Y BOSQUEJA UN YORIZONTE PROMETEDOR En la oficina de la dirección de la empresa de tabaco torcido "El Laguito" se produce un diálogo espontáneo, donde preguntas y respuestas es imbrican en una entrevista que incluye elementos sorpresivos, por su carga de información.

Y, en medio del intercambio amistoso entre Daniel Solana, Viceministro de la Agricultura; Manuel Estefanía, Viceministro de Exportación del Ministerio de Comercio Exterior; Jaime Más, director de "Cubatabaco", funcionarios de "Tabacalera S.A", de la "Anglo-Mediterránea S.A." y de "Cubatabaco", encaminamos la charla con el señor Cándido Velázquez:

¿Desde cuándo se inició usted en los negocios del tabaco?

-- A partir de mi entrada en "Tabacalera", en el año 1972. Procedía de la industria de las bebidas refrescantes.

¿Qué cargos ha desempeñado, a partir de ese momento?

-Fui jefe de ventas de "Tabacalera" en el 72; en el año 76 me nombraron director comercial; en el 81. director general de "Tabacanarias", que es

El señor Cándido Velázquez observa los tabacos recién seleccionados en una caja de "Cohiba".



وعا

cigars are placed to have a special ality and a very keen eye to distinguish among so many hues and thus be able te, tell which are exactly alike without the slightest variations. And this is very important because there's nothing more beautiful than seeing such uniformity in color in the layers of a cigar box."

When he entered the quality control department he again expressed his view about the process.

"The person that smokes a cigar is not aware of what lies behind it. He appreciates the cigar as a product, but if he knew the great deal of work involved in its manufacture he certainly would value it even more. It is a process very much like that of the production of rum, in a general consideration, but far more complex. To achieve a 7-year rum a very careful aging process is required.

"The cigar is a product that because of its being made by artisans it does not require any additions or artifices. The leaves are aged, but are natural. And in cigar handrolling not only aging is important, but also the art of the cigar worker. Because Havana cigars are purely artisans' work."

#### A DIALOGUE THAT YIELDS INFORMATION, PROJECTS, AND OUTLINES A PROMISING HORIZON

At the Director's office of "El Laguito" cigar factory a spontaneous dialogue takes place in which questions and answers become entwined in an interview that includes some surprising elements due to their informative nature.

And right in the middle of the friendly talk between Daniel Solana, Vice-Minister of Agriculture; Manuel Estefanía, Vice-Minister of Exports for the Foreign Trade Ministry; Jaime Más, Director of "Cubatabaco"; officials of "Tabacalera, S.A.", "Anglo-Mediterranean, S.A." and "Cubatabaco", the interview with Mr. Cándido Velázquez was carried out.

Since when did you begin in the tobacco business?

"I began since my joining the "Tabacalera, S.A." in 1972, I came from the soft drinks industry."

#### What positions have you been in since then?

"Well, I was Sales Manager of "Tabacalera, S.A." in 1972; in 1976 I was promoted to Marketing Director; in 1981 I was appointed General Director of "Tabacanarias", which is an affiliate of our company. And from January 1st, 1983 I was promoted to President of our company."

24 How many times have you been in our country?



En el anillado, los puros Habanos adquieren un toque de distinción.

una filial nuestra. Y, a partir del primero de enero del 83, fui designado presidente de la compañía.

#### ¿Cuántas veces ha visitado nuestro país?

-En dos oportunidades. En el 78, por vez primera, y ahora. Llegué en este viaje el 26 de enero y he permanecido una semana.

¿Cuál es su impresión acerca de las labores de tabaco torcido, en esta empresa?

-Mi impresión, muy buena por cierto, la tenía desde mi visita anterior. Esto tiene para mí un valor simbólico. Nuestra empresa es la que más vende en el mundo puros de Cuba, con gran diferencia de las demás.

"Venir a esta fábrica que, como dice Solana es el reino del Habano, realmente es un

hecho significativo, ya que vamos a continuar vendiendo y tratar de seguir siendo la primera compañía en el mundo en la venta del Habano.

"El aroma del Habano es muy tradicional, muy arraigado en nuestra cultura. Tiene, como es lógico, un origen histórico. Es un producto artesanal que es consecuencia de toda una cultura del pueblo cubano. Este tipo de producto no se puede insertar en una técnica moderna, pues procede de un cúmulo de experiencias que se han ido enriqueciendo, a través del tiempo, y ha dado lugar a que tenga una demanda muy importante en todo el mundo.

"Los que he visto aquí, en "El Laguito", son los mejores: "Cohiba" y "Davidoff". Esto no quiere decir que sean los únicos verdaderamente exquisitos. Porque hay otros, como el "Montecristo", que es la marca de mayor demanda en España, y que también posee una calidad superior. Esto depende del gusto del consumidor, pues cada fumador tiene sus preferencias.

"Con respecto al "Cohíba", puedo decir que en el único lugar donde se comercializa es en España. Antes era un producto destinado a relaciones públicas y hoy en día su venta en nuestro mercado está resultando muy buena". ¿Como se han desarrollado las relaciones entre "Tabacalera" y "Cubatabac el curso de este viaje súyo?

—Igual que siempre: muy bien. Nuestras relaciones con "Cubatabaco" son muy buenas desde hace muchos años, tanto a nivel profesional como personal. Los miembros de la directiva de "Cubatabaco" son nuestros amigos.

"Esta visita ha sido una confirmación de nuestros tradicionales encuentros en Madrid y aquí, en La Habana, para hacer las programaciones de ventas, en este caso de 1984.

## ¿Qué perspectivas contempla usted en estas relaciones?

-Lo mismo que en el pasado y que hoy en día. Y espero que en el futuro sean también mejores. Hay una serie de productos para mantener una actividad impresionante, que cada día sea de mayor volumen y de mayor relevancia.

¿Cuál es el volumen de importación de "Tabacalera" a "Cubatabaco"?

-Desde el punto de vista de puros Habanos, "Tabacalera" es el primer importador en el mundo. El nivel de venta es del orden de treinta millones de unidades al año.

Los funcionarios de "Tabacalera S.A.", "Anglo-Mediterránea S.A.", "Cubatabaco" y el Viceministro de Comercio Exterior, Manuel Estefanía, visitan el departamento de control de la calidad de la empresa de tabaco torcido "El Laguito"



"In two occ In 1978 I came for the first time; in this sec isit I arrived on the 26th of January so I've been here for a week now."

What is your impression about the cigar handrolling in this enterprise?

"I've had a very good impression since my previous visit. To me this has like a symbolic meaning. Our enterprise is the largest seller of Havana cigars in the world, quite above any others.

"Visiting this factory which, as Solana puts it, is the kingdom of Havana cigars, is in reality a significant event since we are going to continue increasing our sales and thus we will try to maintain our firm as the first one in sales of Havana cigars the world over

"Havana cigar aroma is absolutely traditional, quite settled within our culture. Logically enough it has a historical origin. It is a product made by artisans, which is a consequence of a whole cultural background of the Cuban people. This kind of product cannot be attached to a modern technology because it arises from a congeries of experiences that have been enriched in the course of time and thus a large and important demand has been created everywhere.

"What I've seen here in "El Laguito" is the best of Havana cigars: "Cohiba" and "Davidoff." But this doesn't mean that these are the only exquisite ones. Because there are others, like "Montecristo", which is the best-sold brand in Spain and having also a superior quality. This depends on the consumer's taste since each cigar smoker has his own preferences."

"In regards to "Cohiba" I can say that Spain is the only country in which it is marketed. In the past it was a product for exclusive use in public relations activities and today its sales in our market are turning out to be really good."

How have the relations between "Tabacalera" and "Cubatabaco" been developing in the course of this new visit to Cuba?

"Just as usual: very good indeed. Our relations with "C:Jbatabaco" are excellent since many years back, both at a professional and personal level. The managing staff of "Cubatabaco" are our friends.

"This visit has been a confirmation of our traditional meetings in Madrid and here in Havana to arrange the sales program, in this case for 1984."

What outlooks do you foresee in these relations?

"The same as in the past and currently. And I hope that in the future they will likewise be the 26 best. There is a series of products that will maintain

¿Contempla ampliar el rango de productos, a partir de esta visita?

-Uno de los proyectos que trabajamos en conjunto es el desarrollo de un cigarrillo negro con la marca "Davidoff", cuyo diseño es uno de los más bonitos que se han creado en el mundo del tabaco. Es precioso el paquete.

"Hemos venido también a hablar de la problemática de desarrollar un tipo de capa especial para la industria española. También, hemos trabajado sobre un proyecto de un cigarrillo a fabricar en España con tabaco (ntegramente de Cuba.

"Hemos estudiado la posibilidad de desarrollar el cultivo de variedades de tabaco rubio, en Cuba, que cada día tiene una mayor demanda en España. Por otra parte, vamos a elaborar de conjunto —"British American Tobacco", "Cubatabaco" y "Tabacalera" — un cigarrillo rubio para fabricar en Cuba, para su exportación. También, hemos hablado de colaboración con la celebración del V Centenario del descubrimiento de América e, incluso, vamos a hablar de desarrollar productos especiales para tal evento.

"Además, hemos hablado del programa de compras de tabaco en rama y de tabaco torcido para 1984".



el arte del torcido está en manos de mujer, en la empresa "El Laquito".

n impressive activity that in turn will build up a arger volume and a greater importance."

Do you expect to extend the range of products after this visit?

"Well, one of the schemes we have worked out jointly is the development of a dark cigarillo under the brand name of "Davidoff", whose design is one of the prettiest ever created in the tobacco world. The package is really beautiful."

"We have also discussed the development of a special leaf for wrapper for the Spanish industry.

Usted que es uno de los hombres de negocios más connotados en el mundo del tabaco, ¿es fumador de puros?

-No soy demasiado buen fumador. Soy un fumador normal. Como consumidor de tabaco cubano, los que más me gustan son "Montecristo" y "Davidoff". Son los que, para mi gusto personal, me parecen mucho más aromáticos y de mejor sabor que el resto. Esto no quiere decir que no fume el resto de las marcas, pero prefiero esas dos que he mencionado.

#### ¿Cómo definiría usted un puro Habano?

—El puro Habano es una consecuencia de una tradición, una técnica y un trabajo hecho con gran amor al producto. No se puede fabricar un tabaco si no se siente una vocación y amor por ese trabajo. No es mecánico. Esto no es fabricar un producto estandar. Requiere un perfeccionamiento muy superior en su elaboración.

Para definirlo en pocas palabras diría que es un puro hecho con rama elegida y Habano. Es inigualable, no se puede hacer en ningún otro lugar del mundo.

¿Quisiera enviar algún saludo a los comerciantes y fumadores del mundo y, muy especialmente a los de España, a través de nuestra revista "Cubatabaco International"?

—Yo les haría llegar el siguiente mensaje: cuando vayan a encender un puro Habano, reflexionen, piensen que se están fumando un producto elaborado con una artesanía, con un arte, con un cuidado exquisito en todo el proceso, desde su cultivo, fermentación, añejamiento, moja, torcido, clasificación y envasado, que ha sido llevado a cabo por un grupo de profesionales especializados en cada uno de estos procesos.

"En resumen, es un producto hecho con el esfuerzo y la vocación de un gran número de personas, con la más alta calidad que haya podido lograrse". Likewise we have been working a manufactured in Spain with who an tobacco. Also we have studied the possibility of developing the cultivation of bright tobacco varieties in Cuba, which is increasingly demanded in Spain. On the other hand, we are going to produce, in conjunction with the "Anglo-Mediterranea, S.A.", "Cubatabaco" and "Tabacalera" a blond cigarette to be manufactured in Cuba for export. We have discussed too the collaboration with the V Centennial of America's Discovery and we shall discuss further about the development of special products for this celebration.

"Finally, we have talked about the program of purchases of leaf tobacco for 1984."

Being as you are one of the outstanding businessmen in the tobacco world, do you smoke cigars?

"Well, I am not a too good smoker myself. I am a normal smoker. The ones I like most are "Montecristo" and "Davidoff." These are the cigars that acording to my personal taste seem to me as being much more aromatic and better flavored than the rest. This does not mean that I don't smoke the other brands, but I prefer these two I've just mentioned."

#### How would you define a Havana cigar?

"The Havana cigar is the result of a tradition, a technique and a labor carried out with the greatest love for the product. You can't manufacture a cigar if you don't feel a vocation and love for that kind of work. It's not a mechanical thing. This isn't the elaboration of a standard product. Therefore it requires an improvement or refinement in its elaboration.

"To define it in a few words I'd say that it is a cigar made from selected leaves and Havana wrapper. It has no equal and cannot be made elsewhere in the world."

Would you like to send a message to the merchants and smokers the world over and very particularly to those in Spain, through our publication "Cubatabaco International"?

"Why, yes. I'd send them this message: Whenever you are going to light a Havana cigar, reflect about it and please think you're smoking a product made with such an art, such an exquisite care throughout the whole process, from its cultivation, fermentation, aging, moistening, handrolling, classification and packing, all of which operations have been carried out by a group of professionals specialized in each one of these processes.

"To sum up, it is a product made through the efforts and vocation of a large number of workers having the highest possible qualification ever to be found."



The State Certification
Commission established to
evaluate the recertification of
the cigar sizes Lanceros,
Coronas Especiales and
Panetelas under Cohiba
brand name approved the
proposal made by "El
Laguito" enterprise, in order
to continue using the State

chemical and organoleptic analyses carried out on the aforementioned cigar sizes.

Doctor Arnaldo Castro, of the Public Health Ministry, presided over the Commission that was made up also by representatives of Avelino Lara, the enterprise Director, expressed his great satisfaction as a member of the workers' collective because of the decision passed by the Commission when they sustained that currently Cohiba cigar sizes show a quality that is far superior to the one seen at the previous certification.

Lara pointed out that all the directives set up by the Commission will be strictly adhered to. And he concluded that "the State Mark of Quality awarded to "El Laguito" will remain here forever. This is a decision that was adopted and will be honored by the workers and managing staff of the enterprise."



Avelino Lara, Director of "El Laguito" cigar enterprise.

Mark of Quality in the category of Superior Quality with Circle for a two-year period. This proposal was submitted to the State Normalization Committee for its ultimate approval.

The Commission members met over two days at the enterprise premises while carefully analyzing the data file recorded by the Quality Control Department based on the physico-

the Ministry of the Food .
Industry, Foreign Trade and
Agriculture; and of the
State Normalization
Committee, Industrial Design
National Bureau, Tobacco
Workers Union and National
Board of Planning.

The workers, upon learning the news about the first-level upproval, enthusiastically applauded while striking their working knives against their tables.



44



Date registered: February 17, 1981		
AND		
In the matter of the Trademark Registration No. 18 For the mark COHIBA Date registered: June 6, 1995		
EMPRESA CUBANA DEL TABACO, d.b.a. CUBATABACO,		
Petitioner, v.	:	Cancellation No. 92025859
GENERAL CIGAR CO., INC. and CULBRO CORP.	:	
Respondents.	:	
	X	

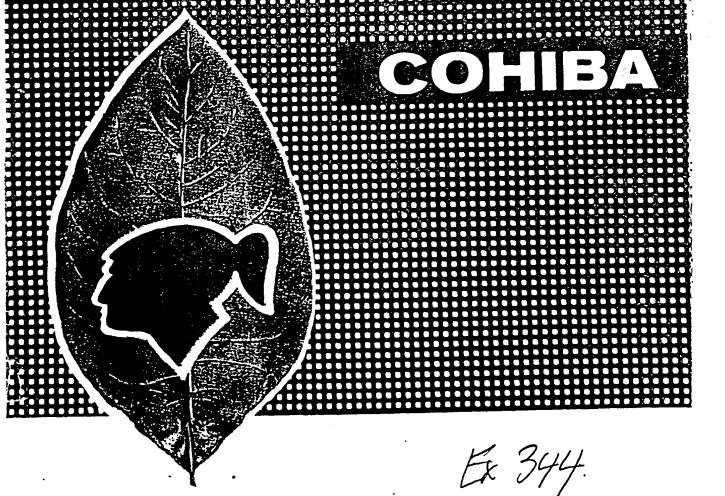
PARTY OFFERING: PETITIONER

In the matter of Trademark Registration No. 1147309

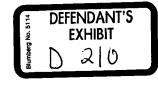
For the mark COHIBA

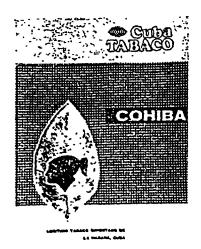
DESIGNATION in 97 Civ. 8399 (RWS), United States District Court, Southern District of New York, *Empresa Cubana de Tabaco d.b.a. Cubatabaco v. Culbro Corp. and General Cigar Co., Inc.*):





LEGITIMO TABACO IMPORTADO DE LA HABANA, CUBA





COVER PHOTO: Design Edma Martínez



BACK COVER PHOTO: Design Nelson Garcia Photo Pedro del Pino

# CUDA TABACO INTERNATIONAL

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#### IN THIS ISSUE:

	PAGE
Cohiba: tobacco's real name	4
Cohiba: the highest quality cigar The Havana Cigar is always the center	
of atraction	13
The Havana Cigar at the present and the future The Havana Cigar is the ideal friend for	
those happy moments	17
Gold for the cuban products	
Cohiba protocol room	
International tobacco news	
Havana Cigars in the world	
From the 500	
Good outlook for the present	
What research is being done in tobacco	
Meet the world of tobacco	
Our crafts	
Havana Cigar Humor	
Summaries	68



# COHIBA the highest quality cigar

Text: Nicolás Pérez Photos: Pedro Perdomo

On October 22, the State Normalization Committee designated the three types of Cohiba cigars — Lanceros, Panetelas and Coronas Special — as belonging to the category of "superior quality" for a period of two years. After that time, the product will be reevaluated.

Cohiba thus becomes the first brand of Havana cigars to receive this high distinction awarded by a commission of specialists from the ministries of Foreign Trade, the Food Industry, Agriculture, Public Health, the Research Institute for the Food Industry, the

State Normalization Committee, the National Institute of Metrological Research, the National Packaging and Bottling Commission and the Tobacco Workers Union.

According to the analyses undertaken by the commission, the three types of Cohiba cigars were far superior to similar cigars from other countries. They were also slightly superior to the other Cuban brands with great prestige the world over, and the Lanceros were found to have qualities similar to the David-off No. 1 and the Montecristo Special.



The specialists found Cohlba to be cigars of extraordinary quality, capable of satisfying the most demanding tastes.

They are made with the best leaves from the fine tobacco fields of Vueltabajo and Partido, and fermented according to the traditional method and with the great care characteristic of the Cuban tobacco industry. They are then manufactured in the El Laguito factory where the entire work force, as is true in the Cuban tobacco industry as a whole, is highly qualified to carry out this delicate and painstaking work.

According to a report presented to the commission by an expert tasting team, Cohiba

has unequaled qualities of aroma, flavor and strength. The outer appearance of these cigars was also highly praised by the experts.

The mark of quality presented contains a stylized outline of the island of Cuba within a circle and represents the highest distinction authorized by the Republic of Cuba in this area.

The Cohiba cigars will be available on the international market as of 1982, although in small quantities. Until now they have only been used as gifts and sold in limited quantities in Havana's diplomatic stores and the Palace of Conventions.

Aveilno Lara, director of the COHIBA enterprise, shows the commission around the factory.



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AND		
In the matter of the Trademark Registration No. 1896 For the mark COHIBA Date registered: June 6, 1995		
EMPRESA CUBANA DEL TABACO, d.b.a. CUBATABACO,	: :	
Petitioner, v.	: : :	Cancellation No. 92025859
GENERAL CIGAR CO., INC. and CULBRO CORP.	: : : : : : : : : : : : : : : : : : : :	
Respondents.	: :	
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PARTY OFFERING: PETITIONER

In the matter of Trademark Registration No. 1147309

For the mark COHIBA

DESIGNATION in 97 Civ. 8399 (RWS), United States District Court, Southern District of New York, *Empresa Cubana de Tabaco d.b.a. Cubatabaco v. Culbro Corp. and General Cigar Co., Inc.*):

## **Culbro Corporation**

Cripuo

Memorandum

To John Rano John McLoughlin From Milstein

Date 12/9/91

Enclosed find a letter on COHIBA from our trademark attorneys explaining the Cubatabaco registration.

I am herewith returning to John McLoughlin the box of Cuba Cohibas.

It looks like we are out of luck on the use of the Indian Head Design.

Please call me to discuss if you need to.

m1661



GCP 0103

Confidential: Under Protective Order

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Petitioner, v.	: :	Cancellation No. 92025859
GENERAL CIGAR CO., INC. and CULBRO CORP.	:	
Respondents.	:	
	Х	

PARTY OFFERING: PETITIONER

In the matter of Trademark Registration No. 1147309

For the mark COHIBA

DESIGNATION in 97 Civ. 8399 (RWS), United States District Court, Southern District of New York, *Empresa Cubana de Tabaco d.b.a. Cubatabaco v. Culbro Corp. and General Cigar Co., Inc.*):



### Proposed Negotiations with Cubatabaco Re: Cohiba

Object: To secure a license to use the tradedress currently used by Cubatabaco on the packaging and the cigar bands of its Cohiba cigars.

Rationale: To aid GC in successfully repositioning and relaunching its Cohiba brand cigar, it would be useful to exploit the popularity, familiarity, brand recognition and overall success of Cubatabaco's Cohiba. A key factor in that cigar's success is its distinctive tradedress, including the black and orange checkerboard design, the Indian head logo and the other distinctive design elements of the packaging and cigar bands in conjunction with the Cohiba name.

At the present time GC has the exclusive right to use the Cohiba name in the United States by virtue of its ownership of the U.S. trademark registration. The name by itself, however, is not as valuable as it could be were it to be used with the familiar tradedress of Cubatabaco's Cohiba. Together the name and tradedress has a value which far exceeds the value of either without the other. Nevertheless, General Cigar is fully prepared to go forward with its launch of Cohiba without the tradedress.

#### Present Benefits to Cubatabaco:

Negotiation Posture: In order to convince Cubatabaco that allowing GC to use its tradedress will be beneficial to it, the following must be clearly communicated to Cubatabaco:

- 1. GC intends to invest substantial money and effort in the relaunch, including substantial marketing and advertising support for the brand.
- 2. GC intends to position its Cohiba at the highest end of the premium market as a superpremium and limit distribution to the highest end of the retail market (i.e.: Dunhill and others).
- 3. GC intends to bolster the image of the cigar by maintaining it in the highest price category and promoting it as the highest in quality that money can buy.

Cubatabaco must be assured that GC's Cohiba will reinforce the attributes and image of its own brand, and thereby expand Cubatabaco Cohiba's potential market. Americans traveling abroad will be sensitized to the unique quality and expensive image by their exposure to GC's Cohiba, and Cubatabaco Cohiba's sales to Americans traveling overseas will benefit. In addition, we can assure Cubatabaco that we will police the tradedress and stop others from unauthorized use.

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EXHIBIT

## II. Future Benefits to Cubatabaco:

Once economic and political policies change between the U.S. and Cuba, Cubatabaco will need to strike some deal with GC in order to sell its Cohiba brand in the U.S. GC's ownership of the U.S. rights to the name Cohiba will prevent the use of the name by Cubatabaco without our permission.

In order to further convince Cubatabaco to allow GC the right to use its tradedress now and once we are able to sell Cubatabaco's cigars in the U.S., GC can (a) either agree to enter into a joint venture with Cubatabaco for the manufacture and sale of Cubatabaco's Cohibas in the U.S. or (b) offer a license on our name to Cubatabaco whereby GC would be the exclusive marketer and distributor of Cubatabaco's Cohibas in the U.S.

## Benefits to GC and the Joint Venture:

The obvious immediate benefit for GC of such an arrangement is to promote its relaunch of Cohiba and exploit the brand recognition and image of its Cuban cousin. However, long range, the benefit to GC will be shared by the joint venture and our Cuban partner. By positioning the U.S. Cohiba in the way proposed, we would be prepositioning the joint venture product as well. The conversion from a U.S. product to a Cuban product would be almost natural - the quality would be continued from one product to the other, the image continued, the marketing, sales and distribution continued. The only change would be a positive one which would only serve to improve an already renowned, respected and successful product.

Some consideration must be given to the future of the Cubatabaco Cohiba in markets outside of the U.S. GC can position the joint venture to extend beyond a U.S. Cohiba product, if Cubatabaco deems it desirable, perhaps lending support to the Cubatabaco product in Europe. This approach to the joint venture may be more attractive to Cubatabaco if it believes it will need a cash infusion for its cigar making industry after the embargo is lifted.

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and nothing to be negotiated with respect to Cohiba should infer anything in relation to these-brands.

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